

STANDARDIZED WORKPAPERS

OVERVIEW

Workpapers provide a written record of the examiner's decisions and analysis of violations, comments, and conclusions cited in the Report of Examination. They document examination procedures performed and compliance violations and identified program weaknesses. Workpapers provide support for assertions or comments referenced in the Report of Examination.

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**GENERAL
WORKPAPER
PROCEDURES**

General Procedures
<p>1. Label workpapers with the following:</p> <p style="padding-left: 40px;">Name of financial institution</p> <p style="padding-left: 40px;">Certificate number of financial institution</p> <p style="padding-left: 40px;">Location of branch/office</p> <p style="padding-left: 40px;">Date of examination</p> <p style="padding-left: 40px;">Name of Examiner-in-Charge</p> <p style="padding-left: 40px;">Name of the examiner/assistant examiner who completed the workpaper</p>

**GENERAL
WORKPAPER
PROCEDURES
(cont'd)**

2.	Complete workpapers and attach supporting documentation.
3.	<p>Prepare an Examiner Summary for each regulation reviewed or other task performed.</p> <p>Include:</p> <p>Brief discussion of procedures performed</p> <p>Examiner’s conclusion(s) for that assignment/task</p> <p>Write summary under a heading "Examiner Summary" at the bottom of the workpaper, or complete on a separate page entitled "Examiner Summary" and attach to the applicable workpaper.</p> <p>The Examiner Summary will allow any subsequent reader to clearly identify the scope of work performed and the basis for the examiner’s conclusion.</p>
4.	<p>Include the <u>Compliance Examination Hours</u> workpaper in the workpapers for each examination to:</p> <p>Provide accountability</p> <p>Track examination hours</p> <p>Reconcile hours to the data entry form</p>
5.	Financial institutions do not receive copies of the examination workpapers. If an institution requests a copy of the examiner’s workpapers, delete sensitive information not specifically derived from the institution’s files or records before providing the workpapers to the financial institution.

**WORKPAPER
REQUIREMENTS**

Workpaper Requirements
<p>1. Use standardized workpapers at each examination.</p> <p>Workpapers supplement examination procedures: do not use in lieu of examination procedures. The workpaper forms provided meet the minimum workpaper standards outlined in this document.</p>

WORKPAPER REQUIREMENTS (cont'd)

2.	Complete workpapers for the review of: Forms Compliance policies and procedures Loan- and deposit-related activities The workpapers request and identify data necessary to reflect procedures performed and support violations noted during the examination.
3.	Write violations clearly in the designated area. Highlight, or mark in red, for easy reference and review.
4.	Insert additional information necessary to support examination findings.
5.	Do not delete requested information on the workpapers. <i>NOTE: To support any subsequent enforcement action, complete workpapers thoroughly and accurately, documenting the criticisms and weaknesses of a financial institution.</i>

EXAMINER CHECKLISTS

Complete examiner checklists, if desired. The examiner checklists, provided in this manual for many compliance examination areas, are optional workpapers which the examiner may complete or use merely as a guide. Those checklists **cannot** be substituted for the standardized workpapers.

DOCUMENTATION OF VIOLATIONS

Document Violations	
1.	Document violations appropriately.
2.	Assemble copies of the financial institutions's records to substantiate violations.

**DOCUMENTATION
OF VIOLATIONS
(cont'd)**

3. Attach to the relevant workpapers the documentation for each violation cited in the Report of Examination.

For example:

Copies of notes and related disclosure statements for apparent violations of Regulation Z, Truth in Lending

Copies of adverse action notifications for apparent violations of Fair Credit Reporting Act and/or Regulation B, Equal Credit Opportunity

Copies of completed Hold Notices where the bank did not make \$100.00 available at the start of the next business day in violation of Regulation CC, Expedited Funds Availability

NOTE: For any apparent violations cited as systemic or a pattern or practice, the examiner need only attach copies of workpapers which represent the sample that supports this conclusion.

4. To cite a pattern or practice of reimbursable Truth in Lending violations, fully document the basis for the violations, supplying documentation which provides evidence of the:

Cause of the violations

Branch(s)/office(s) affected

Time period of the violations

Type and volume of loans affected

Apparent frequency of the violations

5. Obtain copies of loan disclosure statements illustrating the violations.

Document statements, explanations or admissions by officers or other personnel involved or familiar with the financial institution's Truth in Lending disclosure practices.

FILING WORKPAPERS

Workpapers should be filed as follows.

File Workpapers	
1.	Segregate workpapers by either regulation or examination procedures performed, for example, "Truth in Savings" or "Loan File Review." File workpapers generated for compliance program review and audit together under one heading or separately under the regulation reviewed.
2.	<p>Label each workpaper box, folder, envelope, or binder appropriately with the following:</p> <p style="padding-left: 40px;">Name and location of financial institution</p> <p style="padding-left: 40px;">Certificate number of financial institution</p> <p style="padding-left: 40px;">Date of examination</p> <p style="padding-left: 40px;">List of the workpapers prepared and retained</p>
3.	Organize the workpaper boxes, folders, envelopes or binders in an expandable file or other appropriate centralized filing system. Promptly return examination workpapers to the field office or other designated place for storage at the conclusion of the examination.
<i>NOTE: The Examiner-in-Charge is ultimately responsible for the completeness and accuracy of both the Report of Examination and the supporting workpapers.</i>	
4.	<p>As part of that responsibility, the Examiner-in-Charge shall do the following:</p> <p style="padding-left: 40px;">Review workpapers for accuracy and completeness</p> <p style="padding-left: 40px;">Determine that appropriate bank documentation, where applicable, has been attached and retained in the workpapers</p> <p style="padding-left: 40px;">Confirm that workpapers are appropriately organized and filed</p>

RETENTION OF WORKPAPERS

Retain workpapers for a period of at least two years or until the next examination, whichever is later. Retain workpapers for longer periods in the following instances until corrective action (or some other resolution) has been completed:

Regulation Z violations requiring reimbursement

Fair lending violations resulting in referrals to the Department of Justice or Department of Housing and Urban Development

Any type of enforcement action that has been placed on or remains outstanding against the financial institution

A criminal referral has been made regarding the institution or any of its directors, trustees, management, or employees

The examples cited above are not all inclusive. Regional Managers and Field Office Supervisors have the discretion to require the retention of documents and workpapers in other situations.



**FDIC LAW,
REGULATIONS, &
RELATED ACTS**

Applicable Rules

None

Advisory Opinions

None

Statements of Policy

None

**DCA
MEMORANDA**

General Workpaper Standards and Standardized Workpapers, Transmittal #DCA-96-003,
dated 1/19/96

**FINANCIAL
INSTITUTION
LETTERS (FIL)**

None
